



**STATE OF NEW JERSEY**

***Board of Public Utilities***

***Two Gateway Center***

***Newark, NJ 07102***

***www.bpu.state.nj.us***

**WATER**

IN THE MATTER OF THE PETITION OF )  
ROXITICUS WATER COMPANY )  
COMPANY FOR AN INCREASE IN RATES )  
AND CHARGES FOR WATER SERVICE )

DECISION AND ORDER ADOPTING  
INITIAL DECISION/STIPULATION

BPU DOCKET NO. WR06120884  
OAL DOCKET NO. PUC 01563-2007

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On December 22, 2006, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12, Roxiticus Water Company (Roxiticus or Company), a public utility of the State of New Jersey, filed a petition with the Board of Public Utilities (Board) seeking approval of an increase in rates for water service. Roxiticus services 104 customers in the Township of Mendham, Morris County, New Jersey. The Company's rate request would have resulted in an increase in total Company revenues of \$34,832 or 26.47% over Roxiticus's pro forma present rate revenues.

The parties to this proceeding are the Company, the Division of Rate Counsel and Board Staff (collectively, the parties). There were no interveners in this case. After extensive settlement discussions, an increase of \$23,923, representing an 18.36% increase over total current revenues, was agreed to by the parties and is approved herein by this Order.

## PROCEDURAL HISTORY

On January 5, 2007, this matter was transferred to the Office of Administrative Law where it was assigned to Administrative Law Judge (ALJ) Walter Braswell. A pre-hearing telephone conference was conducted before ALJ Braswell on February 15, 2007. A public hearing within the Company's service territory was held on March 20, 2007 at Mendham Town Hall in Brookside, New Jersey. No members of the public appeared at the hearing.

Subsequent to the public hearing and prior to evidentiary hearings, the parties engaged in discovery and in settlement negotiations. Discovery conferences were held on February 21 and March 14, 2007, and a settlement conference was held on April 2, 2007. As the result of the settlement negotiations, the parties reached a settlement on all issues and entered into a Stipulation (Stipulation or Settlement).

On April 18, 2007, ALJ Braswell issued his Initial Decision recommending adoption of the Stipulation executed by the parties, finding that the parties had voluntarily agreed to the Settlement and that the Settlement fully disposes of all issues and is consistent with the law.

## STIPULATION

As more fully set forth in the attached Stipulation<sup>1</sup>, the Stipulation provides that:

1. The test year utilized for the purposes of this Stipulation is the twelve-month period ended September 30, 2006, adjusted for known and measurable changes. (Settlement Paragraph 7).
2. Roxiticus Water Company's total rate base is \$ 202,313. (Settlement Paragraph 8).
3. The appropriate rate of return on equity for the Company is 9.75% resulting in an overall rate of return of 9.076%. (Settlement Paragraph 8).
4. An overall rate of return of 9.076% would result in an additional revenue requirement of \$23,923 (18.36%) above adjusted test year water revenues, calculated as follows (Settlement Paragraph 9 and Schedule A):

Rate Base	\$ 202,313
Rate of Return	x 9.076%
Required Operating Income	\$ 18,361
Total Proforma Operating Expenses	\$ 135,870
Revenue Requirement	\$ 154,231
Present Rates Revenues	\$ 130,308
Deficiency	\$ 23,923

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<sup>1</sup> Cited paragraphs referenced are in the settlement documents. This is only a summary; the full settlement document controls, subject to the Board's findings and conclusions contained herein.

5. A revenue increase of \$23,923, or 18.36% over current revenues, represents the level of revenue necessary to ensure that the Company will continue to provide safe, adequate, and proper water service to their customers. (Settlement Paragraph 10).
6. The tariff pages, attached as Schedule B to the Stipulation, will produce the revenues to which the parties have stipulated in the settlement. (Settlement Paragraph 11).

### DISCUSSIONS AND FINDINGS

As a result of the Stipulation, the average bill of a single family home residential customer with a  $\frac{3}{4}$ " meter using 36,000 gallons of water per quarter will increase from \$314.47 to \$372.20 per quarter (from \$1,257.88 to \$1,488.80 per year), an increase of 18.36%. The average bill to a condominium unit customer with a  $\frac{3}{4}$ " meter using 11,000 gallons of water per quarter will increase from \$125.22 to \$148.20 per quarter (from \$500.88 to \$592.80 per year), an increase of 18.35%.

Having reviewed ALJ Braswell's Initial Decision and the Stipulation among the parties to this proceeding, the Board FINDS that the parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board FINDS the Stipulation to be reasonable and in the public interest.

The Board HEREBY ADOPTS the ALJ's Initial Decision and the Stipulation of Settlement, attached hereto, as its own, incorporating by reference the terms and conditions as if fully set forth at length herein, subject to the following:

- a) The test year shall be the twelve-month period ended September 30, 2006, adjusted for known and measurable changes.
- b) The Company's total rate base for purposes of this proceeding shall be \$202,313.
- c) The return on common equity shall be 9.75% resulting in an overall rate of return of 9.076%.
- d) The rate of return of 9.076% shall result in an overall additional revenue requirement of \$23,923.
- e) The revenue requirement for Roxiticus shall be set at \$154,231
- f) The resulting increase is \$23,923, or approximately 18.36 % above pro forma present rate revenues of \$130,308 and shall be the level to ensure that the Company shall continue to provide safe, adequate and proper water service to its customers.

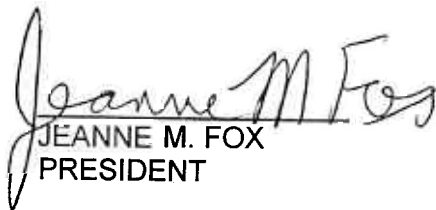
The Board HEREBY ORDERS the Company to submit a complete, revised tariff conforming to the terms and conditions of the Stipulation and this Order within ten (10) days of the effective date of this Order.

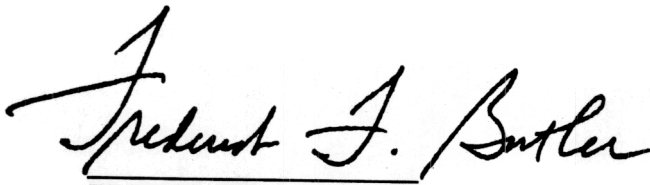
The effective date of this Order is as dated below.

DATED:


5/15/07


BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

  
CONNIE O. HUGHES  
COMMISSIONER

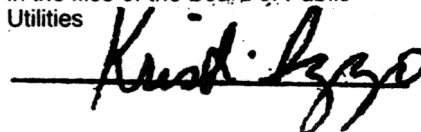
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



IN THE MATTER OF THE PETITION OF  
ROXITICUS WATER COMPANY  
FOR AN INCREASE IN RATES AND CHARGES  
FOR WATER SERVICE

BPU Docket No. WR06120884  
OAL Docket No. PUC 01563-2007

**SERVICE LIST**

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Newark, NJ 07102

Suzana Loncar, DAG  
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124 Halsey Street  
P. O. Box 45029  
Newark, NJ 07102

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF  
ROXITICUS WATER COMPANY FOR AN  
INCREASE IN RATES AND CHARGES FOR  
WATER SERVICE

BPU Docket No. WR06120884  
OAL Docket No. PUC 01563-2007

**STIPULATION**

**APPEARANCES**

Douglas R. Kleinfeld, Esq., Kleinfeld & Kleinfeld, Esqs., Attorneys for Petitioner,  
Roxiticus Water Company.

Susan McClure, Esq., Assistant Deputy Public Advocate, Division of Rate Counsel  
(Ronald K. Chen, Esq., Public Advocate of New Jersey).

Arlene E. Pasko, Deputy Attorney General, (Stuart Rabner, Attorney General of New  
Jersey), on behalf of the Staff of the New Jersey Board of Public Utilities .

**PROCEDURAL HISTORY**

- (1) Petitioner, Roxiticus Water Company (hereinafter referred to as "Petitioner" or "Company") is a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board") and franchised to provide water service in the Township of Mendham, Morris County, New Jersey.
- (2) On December 22, 2006, Petitioner filed a petition with the Board, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:1-5.12 for an increase in its rates and charges for water service. The proposed rates represented an increase of approximately 26.47% over pro forma, present rate revenue of \$131,607 and were designed to produce a total increase in revenue of \$34,832 for all classes of customers.
- (3) On January 17, 2007, the Board issued a Suspension Order suspending increases, changes or alterations in rates for service until May 26, 2007. On January 5, 2007, the Board transmitted the matter to the Office of Administrative Law as a contested case pursuant to N.J.S.A. 52:14B-1 et seq., and N.J.S.A. 52:14F-1 et seq., retaining for itself the scheduling and conduct of the public hearing. The matter was then assigned to the Honorable Walter Braswell, Administrative Law Judge ("ALJ")

- (4) A telephonic pre-hearing conference was held before ALJ Braswell on February 15, 2007, at which time dates for evidentiary hearings were scheduled. A public hearing was held on March 20, 2007, at Mendham Town Hall in Brookside, New Jersey, within Petitioner's service area, following publication of an appropriate public notice. No members of the public appeared at the hearing.
- (5) In the course of this proceeding, Petitioner was served with, and responded to, discovery requests by the Division of Rate Counsel ("Rate Counsel") and by Staff of the Board of Public Utilities ("Board Staff"). The parties also held discovery conferences on February 21, 2007, and March 14, 2007, and conferred at various other times during the course of this matter. A settlement conference was held by the parties on April 2, 2007.
- (6) As a result of an analysis of the petition and exhibits, Petitioner's responses to discovery propounded by the Rate Counsel and Board Staff, as well as their discussions and negotiations in this matter, the signatory parties have reached a Stipulation and do hereby stipulate the following:

#### SETTLEMENT AGREEMENT

- (7) The twelve months ended September 30, 2006, adjusted for known and measurable changes, is a reasonable and proper test period.
- (8) It is stipulated and agreed that Petitioner's rate base is \$202,313, and that a fair overall rate of return thereon is 9.076%, which reflects a cost rate for common equity of 9.75%.
- (9) As reflected in Schedule A annexed hereto and made part hereof, Petitioner's required operating income is \$ 18,361 and its total revenues at proposed rates are \$154,231. Petitioner's pro forma present rate revenues are \$ 130,308, which, when subtracted from the total revenue requirement, necessitates a revenue increase of \$23,923 representing an overall percentage increase of 18.36% over pro forma present rate revenues.
- (10) The revenue requirement to which the parties have stipulated, herein, is necessary to ensure that Petitioner will continue to provide safe, adequate and proper water service to its customers.
- (11) Attached hereto as Schedule B are new tariff sheets containing rates and charges conforming to this Stipulation and designed to produce the additional annual revenues to which the parties have stipulated herein.
- (12) Attached hereto as Schedule C is a schedule demonstrating that the new rates will produce the revenues to which the parties have stipulated herein, and reflecting the percentage increase in each service classification.
- (13) Based on the rate increase stipulated herein, the average quarterly bill of a condominium unit customer using 11,000 gallons per quarter will go from \$125.22 to \$148.20, an increase of

18.35% and the average quarterly bill of a single family detached customer using 36,000 gallons per quarter will go from \$314.47 to \$372.20, an increase of 18.36%

- (14) Petitioner will file a new tariff with the Board, with copies to the parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.
- (15) The parties will fully cooperate in promptly executing this Stipulation and submitting it to the Board at the earliest possible date.
- (16) This Stipulation applies only to this proceeding and is thus executed by the parties without prejudice to the positions asserted by each in this case and without prejudice to the positions which the parties may choose to assert in future proceedings. The parties further agree that the purpose of this Stipulation is to reach fair and reasonable rates and to conclude pending litigation. This Stipulation is not in any way intended to restrict or bind any of the parties hereto with respect to substantive positions they may choose to assert in any pending or future rate proceeding in this or any other forum. Therefore, the parties acknowledge that the Stipulation herein has been made exclusively for this proceeding before the OAL and Board.
- (17) In the event of any modification, amendment or alteration of this Stipulation by the Board, the parties individually reserve the right to either deem the Stipulation void in toto (in which case the parties would revert to the status quo prior to the execution of this Stipulation, which in this matter would be submission of testimony and proceeding with evidentiary hearings) or to consent to the modification(s) in writing.



BPU Docket No. WR06120884  
OAL Docket No. PUC 01563 -2007

This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument consisting of several counterparts.

ROXITICUS WATER COMPANY

Dated: 4-16-07

By: 

Douglas R. Kleinfeld, Esq.  
KLEINFELD & KLEINFELD, ESQS.

RONALD K. CHEN, ESQ.  
PUBLIC ADVOCATE OF NEW JERSEY

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Susan McClure, Esq.  
Assistant Deputy Public  
Advocate, Division of Rate Counsel

STUART RABNER  
ATTORNEY GENERAL OF NEW JERSEY

Attorney for Staff of the New Jersey Board of  
Public Utilities

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Arlene E. Pasko  
Deputy Attorney General

BPU Docket No. WR06120884  
OAL Docket No. PUC 01563 -2007

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ROXITICUS WATER COMPANY

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Douglas R. Kleinfeld, Esq.  
KLEINFELD & KLEINFELD, ESQS.

RONALD K. CHEN, ESQ.  
PUBLIC ADVOCATE OF NEW JERSEY

Dated: April 16, 2007

By:   
Susan McClure, Esq.  
Assistant Deputy Public  
Advocate, Division of Rate Counsel

STUART RABNER  
ATTORNEY GENERAL OF NEW JERSEY

Attorney for Staff of the New Jersey Board of  
Public Utilities

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Arlene E. Pasko  
Deputy Attorney General

BPU Docket No. WR06120884  
OAL Docket No. PUC 01563 -2007

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ROXITICUS WATER COMPANY

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Douglas R. Kleinfeld, Esq.  
KLEINFELD & KLEINFELD, ESQS.

RONALD K. CHEN, ESQ.  
PUBLIC ADVOCATE OF NEW JERSEY

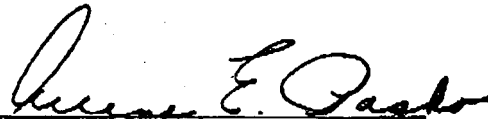
Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Susan McClure, Esq.  
Assistant Deputy Public  
Advocate, Division of Rate Counsel

STUART RABNER  
ATTORNEY GENERAL OF NEW JERSEY

Attorney for Staff of the New Jersey Board of  
Public Utilities

Dated: \_\_\_\_\_

By:   
Arlene E. Pasko  
Deputy Attorney General

SCHEDULE A

ROXITICUS WATER COMPANY  
CALCULATION OF REQUIRED RATE INCREASE

Rate Base	\$202,313
Rate of Return (1)	9.076%
Required Utility Operating Income	\$18,361
Total Prforma Operating Expenses (2)	\$135,870
Total Revenue Requirement	\$154,231
Present Rates Total Revenues	\$130,308
Required Revenue Increase	\$23,923
Required Overall Percentage Increase (3)	18.36%

(1) Includes ROE of 9.75%

(2) Does not include Depreciation on CIAC

(3) To be applied Across-the-Board

**SCHEDULE B**

ROXITICUS WATER COMPANY  
B.P.U. NO. 3- WATER

ORIGINAL SHEET NO. 14

RATE SCHEDULE NO. 1

METERED SERVICE

APPLICABILITY:

Applicable to the use of water supplied through meters for general water service to any customer not otherwise specifically provided for in the Company's rate schedules.

CHARACTER OF SERVICE:

See Standard Terms and Conditions.

RATES:

Consumption Charges

Quantity

1,000 Gallons

All water used

\$ 8.9598

Quarterly Service Charge

Size of Meter

Per Quarter

5/8 "

\$ 33.10

3/4 "

49.65

1 "

82.16

1-1/2 "

165.52

2 "

264.80

\* The State of New Jersey enacted Ch. 443 of the laws of New Jersey 1983 concerning the periodic testing of public water supplies which established a water tax of \$0.01 per 1,000 gallons of water. This tax is reflected and included in the above rates.

TERMS OF PAYMENT:

Net payment within fifteen (15) days of receipt of the bill. Bills for General Metered Service are rendered in arrears at least once in each calendar quarter. Whenever service to a customer is established or discontinued during a billing period, the fixed service charge will be prorated on a daily basis to the date when service is established or discontinued to such customer.

Issued: , 2007

Effective: , 2007

By: David R. Monie, President  
P O Box 605  
Cherry Hill, New Jersey 08003

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey,  
Docket No. WR06120884, dated , 2007.

ROXITICUS WATER COMPANY  
B.P.U. NO. 3- WATER

ORIGINAL SHEET NO. 15

RATE SCHEDULE NO.  
METERED SERVICE

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

A charge of \$0.00 per thousand gallons for all sales will be made to recover increases in the purchased water costs not included in the Consumption Charge.

-----  
Issued: , 2007 Effective: , 2007

By: David R. Monie, President  
P O Box 605  
Cherry Hill, New Jersey 08003

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey,  
Docket No. WR06120884, dated , 2007.

ROXITICUS WATER COMPANY  
B.P.U. NO. 3- WATER

ORIGINAL SHEET NO. 16

RATE SCHEDULE NO. 2  
PUBLIC FIRE PROTECTION SERVICE

APPLICABILITY:

Applicable for flat rate fire protection service in the locations where the Company has facilities suitable and adequate for the desired service upon request from the proper authorities.

CHARACTER OF SERVICE:

See Standard Terms and Conditions.

RATE:

\$198.84 per year for each hydrant.

TERMS OF PAYMENT:

Net payment within fifteen (15) days of receipt of the bill. Bills for Public Fire Protection Service are rendered in arrears on a monthly basis for fire hydrants in service for the full month.



SCHEDULE C

ROXITICUS WATER COMPANY  
CALCULATION OF PRO FORMA REVENUE  
UNDER PRESENT AND STIPULATED RATES

	Number Units	Present Annual Rates	Proforma Present Revenues	Proposed Annual Rates	Proforma Proposed Revenues	% Inc.
Service Charges:						
3/4"	103	167.80	17283	198.60	20456	18.36%
2"	1	895.04	895	1059.20	<u>1059</u>	18.34%
Total Service Charge Revenue	104		<u>18178</u>		<u>21515</u>	
Consumption Charge:						
All Consumption	14302	7.5700	<u>108266</u>	8.9598	<u>128143</u>	18.36%
Total Metered Revenue			<u>126444</u>		<u>149658</u>	
Public Fire Service:	23	168.00	3864	198.84	<u>4573</u>	18.36%
Total Public Fire Charges			<u>3864</u>			
Total Revenue			<u>130308</u>		<u>154231</u>	18.36%



*State of New Jersey*  
**OFFICE OF ADMINISTRATIVE LAW**  
33 Washington Street  
Newark, NJ 07102  
(973) 648-6008

**A copy of the administrative law  
judge's decision is enclosed.**

**This decision was mailed to the parties  
on APR 23 2007**



*State of New Jersey*  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 01663-07

AGENCY DKT. NO. WR08120884

**IN THE MATTER OF THE PETITION OF  
ROXITICUS WATER COMPANY FOR AN  
INCREASE IN RATES AND CHARGES FOR  
WATER SERVICE**

---

**Douglas R. Kleinfeld, Esq.**, for petitioner (Kleinfeld & Kleinfeld, attorneys)

**Arlene Pasko, DAG**, for respondent (Stuart Rabner, Office of the Attorney General)

**Susan McClure, Esq.**, appearing on behalf of the Division of Rate Counsel

Record Closed: April 18, 2007

Decided: April 18, 2007

**BEFORE WALTER M. BRASWELL, ALJ:**

This matter was transmitted to the Office of Administrative Law (OAL) on January 25, 2007 for resolution as a contested case pursuant to N.J.S.A. 16:41C-8.7(b)3.

A telephone prehearing conference was conducted on February 15, 2007 and a public hearing was held on March 20, 2007. Evidentiary hearings were scheduled for May 16 & 17, 2007 but prior to the hearing the parties advised that they reached a settlement. On April 18, 2007 a copy of the fully executed Settlement Agreement was

OAL DKT. NO. PUC 01563-07N

Agreement was received by the OAL, via fax, indicating the terms of the agreement, which are incorporated herein by reference.

Having reviewed the contents of the attached Settlement Agreement, I **FIND**:

- 1 The parties have voluntarily agreed to the settlement as evidenced by their signatures and/or the signatures of their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I approve the settlement and, therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

OAL DKT. NO. PUC 01563-07N

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

April 18, 2007  
DATE

Date Received at Agency:

APR 23 2007  
DATE  
ljb

Walter M. Braswell  
WALTER M. BRASWELL, ALJ

4-20-07 - UPS

Mailed to Parties:

James J. Anderson  
DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW COUNSEL  
OFFICE OF ADMINISTRATIVE LAW